Outlook

22 February 2010

Animalcare Group

Year End	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
06/08	11.8	1.2	8.3	2.3	14.5	1.9
06/09	17.6	2.1	7.2	2.5	16.7	2.1
06/10e	18.8	2.5	8.6	2.8	14.0	2.3
06/11e	19.7	2.9	9.7	3.0	12.4	2.5

Note: *PBT and EPS are normalised, excluding goodwill amortisation and exceptional items.

Investment summary: Opportunities identified

The new generic veterinary pharmaceutical products launched over the last 18 months are starting to deliver good returns. The cash generative characteristics of the livestock business, despite the diminution in national herd and flock, means that the group is in a strong position to build a medicine portfolio without onerous funding concerns. The liquidity discount has now been eliminated.

Strategy delivering

The interim results show trading in line with market expectations and we anticipate that the operational and financial consequences of the harsh weather conditions of the early weeks of 2010 will be caught up over the remainder of the period. Although there is little in the statement in terms of quantifiable news flow, the over-arching strategy of ploughing the cash generated by the livestock business into the higher growth opportunities within generic veterinary pharmaceuticals is starting to prove its worth, with management building a strong record of delivery. We expect further details of new medicine product launches from the pipeline over the next few weeks, which should contribute to H210 revenues. The balance sheet is sufficiently strong to support a steady flow of marketing and launch phases without starving other areas of the business of resource.

Riding market disruption

The disruption to the livestock identification market over the introduction of electronic identification in sheep has been greater than had been hoped, but probably to about the extent that had been feared. Gross margins here will not recover their historic levels, but this is the scenario for which the group has been planning for some years.

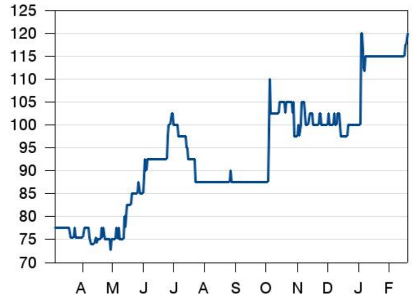
Valuation: Discount eliminated

The continued good performance of the shares has narrowed the discount to the peer group of larger, more liquid stocks in the broader animal welfare market. On an EV/EBITDA basis melded between proxies for the veterinary and livestock businesses, Animalcare is now trading at par, a considerable improvement on the 20% discrepancy at the time of our last note in October 2009.

Animalcare is a research client of Edison Investment Research Limited

Price	120p
Market Cap	£24m

Share price graph



Share details

Code	ANCR
Listing	AIM
Sector	Food Producers
Shares in issue	19.9m

Price

	High	Low
52 week	120p	72.5p

Balance Sheet as at 31 December 2009

Debt/Equity (%)	25
NAV per share (p)	79
Net borrowings (£m)	3.8

Business

Animalcare Group is a leading supplier of veterinary medicines, identification and welfare products to the companion animal and livestock markets.

Valuation

	2009	2010e	2011e
P/E relative	157%	94%	100%
P/CF	7.3	8.3	7.3
EV/Sales	1.6	1.4	1.3
ROE	10%	10%	11%

Revenues by geography

UK	Europe	US	Other
90%	10%	0%	0%

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Investment summary: Opportunities identified

Company description: Supplies to animal markets

Animalcare is a supplier of veterinary medicines, identification and welfare products to the companion animal and livestock markets. It was formed in January 2008 through the reverse takeover of Animalcare, a veterinary medicines business supplying the UK and Europe, by Ritchey, a supplier of products to the livestock markets then and still best known for its identification products. Ritchey is a mature business with strong cashflow characteristics and therefore in a good position to support the growing portfolio of generic veterinary pharmaceuticals.

Valuation

While there are no peers with a similar business mix, there are quoted companies within the same sphere of operations as the two parts Animalcare. Using a melded EV/EBITDA based on the relative proportions of turnover, Animalcare is trading at par having performed well over the last few months.

Sensitivities

Both parts of Animalcare's business operate in highly regulated markets, where new veterinary products must overcome numerous hurdles before they can be marketed and where existing products destined for livestock markets can be materially impacted by changes to EU legislation. The timing of new marketing authorisations may skew performance in any particular reporting period until the portfolio grows larger. This can inhibit new entrants to the markets, but does not inhibit disruptive pricing behaviour within those markets by existing players. The veterinary market has been shown to be reasonably resilient to the weak domestic economy, but currencies can have a noticeable effect on group results as some raw materials and products for onward sale are imported priced in NZ dollars, US dollars and euros.

Financials

The publication of the interim results has not led to any significant changes to our headline forecasts, merely minor alterations to the mix. Livestock revenues were marginally ahead in their traditionally weaker half, but the strongest growth driver was the introduction of new veterinary pharmaceuticals, pushing divisional sales up 25% and adjusted operating profits ahead 74%. Net debt at £3.8m represented gearing of 25%, marginally down on the prior year-end.

Exhibit 1: Interim figures

Note: Figures in £m except per share data.

	H109	H209	H110
Revenue (£m)	7.76	9.88	8.93
Adjusted operating profit (£m)	0.6	1.83	0.98
Normalised PBT (£m)	0.38	1.75	0.89
Normalised FD EPS (p)	1.30	5.90	2.80
Gearing (%)	35	26	25

Source: Animalcare Group

Company description: Animal welfare

The underlying growth dynamics of the supply of pharmaceutical and welfare products into the companion animal market are supported by the high penetration of UK pet ownership and the take up of insurance to cover veterinary costs. While farm incomes have recovered, livestock numbers continue to fall and the market has been severely disrupted by the introduction of electronic tagging in sheep. The combination of the two arms of Animalcare's business marries the cash generative characteristics of the livestock operations with the opportunities to launch new generic formulations of veterinary pharmaceuticals in the UK and Europe.

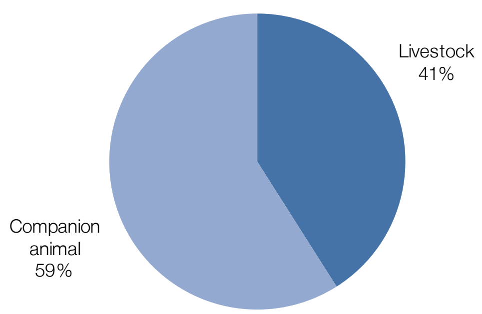
Products for the wellbeing of animals

Animalcare is a supplier of pharmaceutical and other premium products and services to the veterinary industry. It also manufactures and supplies livestock products to agricultural retailers. Animalcare Group was formed after the reverse takeover of the Animalcare business of Genus plc by Ritchey, then quoted on PLUS markets. Concurrent with the deal, the combined group moved the listing across to AIM. Animalcare's focus continues to be the supply of licensed generic pharmaceuticals to the veterinary market, while the Livestock division's principal income stream is derived from the supply of identification product – mostly eartags – to the UK and Irish markets. The group now has a resilient and broad business base, with sufficient cash flow to fund the ongoing development and licensing of new veterinary drugs.

Growing portfolio of veterinary pharmaceuticals

The ability of the group to grow the livestock business is limited by the health of agricultural markets and it is acknowledged that the companion animal market will provide the bulk of the impetus behind top-line growth, aided by the good cash flows from the more mature business. Animalcare has an ongoing programme to increase the number of veterinary pharmaceuticals approved for use in the EU. Sales of the three key new products introduced by H209 (Benazacare, Buprecare and Cephacare) have continued in line with expectations and have been responsible for the bulk of the increase in sales. Cephacare was launched in April 2009; Benazacare gained an additional authorisation for use in renal failure in cats (normal usage is for congestive heart failure in dogs) and was launched in this presentation in May 2009, so both contributed throughout the half year just reported.

Exhibit 2: Estimated revenue split, 2010



Source: Edison Investment Research

Management will consider complementary acquisitions provided they have the potential to deliver significant improvement in market share or manufacturing efficiency in the group's existing core product categories.

Experienced management team

Chief Executive Simon Riddell joined Ritchey in 2005 as managing director. Coming from a marketing background (Proctor & Gamble, Mayborn) he was able to take a very traditional farming-facing business and give it a more commercial approach. This culminated with the reverse takeover of Animalcare finalised in January 2008. The MD of that business, Stephen Wildridge, has stayed with the enlarged group with responsibility for the companion animal division, still known as Animalcare. John Tobin was appointed finance director in April 2008. He has recently announced his intention to leave the group and we understand that the process to recruit a replacement is already underway.

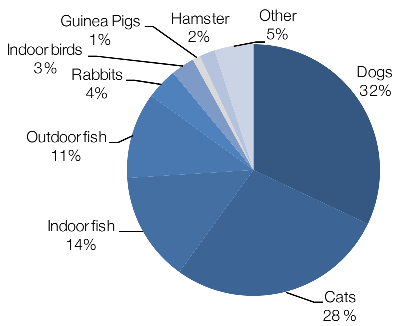
Companion animal care

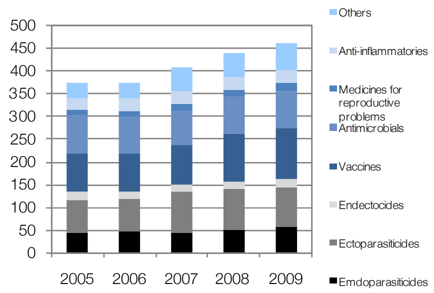
The companion animal market has been reasonably resilient through the downturn, with 43% of households having some sort of pet in 2008-09 (PFMA). Spending on looking after them has been supported by the growing number of available veterinary pharmaceuticals and by the prevalence of pet insurance to smooth the high costs of treatment. Demand for more generic medicines will continue, particularly if new entrants to the insurance market limit the potential to raise premiums.

Companion animal market

Statistics from the National Office of Animal Health suggest that the UK market for veterinary pharmaceuticals in the 12 months to September 2009 was around £509m at ex-manufacturers' prices. This represented growth of just under 4% year-on-year, a slight slowdown on the compound rate of 5.6% over the last five years, which has been supported by a steady flow of new product reaching the market. 55% of these sales went into the companion animal market, a proportion that has been steadying after an earlier shift from agricultural markets since the late 80s.

Exhibit 3: UK Animalcare market and pets by type by household 2009





Source: NOAH, Edison Investment Research, UK Pet Food Manufacturers Association

The growth in the number of pets in the UK has been slowing over recent years, although the population of cats in the UK has grown due to their suitability to more complex household lifestyles. The Pet Food Manufacturers' Association has conducted research that shows 43% of households

(11.2m homes) have some sort of pet, with the total population of cats in the UK now approaching the number of dogs at 8m.

The penetration of pet insurance has reached an estimated 30%, driven by worries about higher veterinary bills. However, premium rises of an average 13.1% in 2008 will have slowed further growth. New suppliers, such as Tesco and Sainsburys, have taken 25% market share and disrupted the dynamics of a previously small group of providers.

Animalcare – market position

The main business of Animalcare is the supply of licensed generic veterinary medicines and the supply of other goods, such as veterinary infusions, identification microchips and insurance products, to the same customer base.

The major impetus on revenue growth since the merger has been from three products: Benazecare, Buprecare and Cephacare.

Benazecare is a generic version of a canine heart failure treatment based on benazepril. EU marketing authorisation was received in mid-2008 and it been shipping to distributors since that time. The market in the UK was estimated at the time of launch to be £6.6m and to be growing at around 5%, with France and Germany presenting a similar sized opportunity. Authorisation was received for use of Benazecare in cats in May 2009.

Buprecare obtained its EU marketing authorisation in September 2008. The drug is a generic opiod-based analgesic for pre- and post-operative pain in companion animals, based on buprenorphine. The UK market is relatively modest, with the existing proprietary drug having been selling around £2.2m pa, growing at 10%. There is greater potential from other EU markets, where there is no strongly established product.

Cephacare received its marketing authorisation in April 2009 for the UK and other European markets. It is a generic version of Cephalexin, a broad spectrum antibiotic for the treatment of skin conditions in dogs and cats.

The statement accompanying the figures refers to a further marketing authorisation for a licensed veterinary medicine which we believe will be launched in Q4.

The gestation time for bringing new products to market is measured in months and years, with viable projects identified by examining products coming off patent where the data files are open, ie after 10 years. Animalcare has specifically sought those drugs where the target market is of a scale to be worthwhile on a pan-European basis but not so significant as to interest the larger companies in the field. The group has a good record of hitting its required milestones on a timely basis.

'Everyday' product

While the generic pharmaceuticals provide the engine for growth, Animalcare supplies veterinary practitioners with a number of other products, in particular identification microchips and veterinary infusions. The supply of identification microchips, under the idENTICHIP brand, is very much a commodity market. The chips themselves are imported from the US; last year this led to a

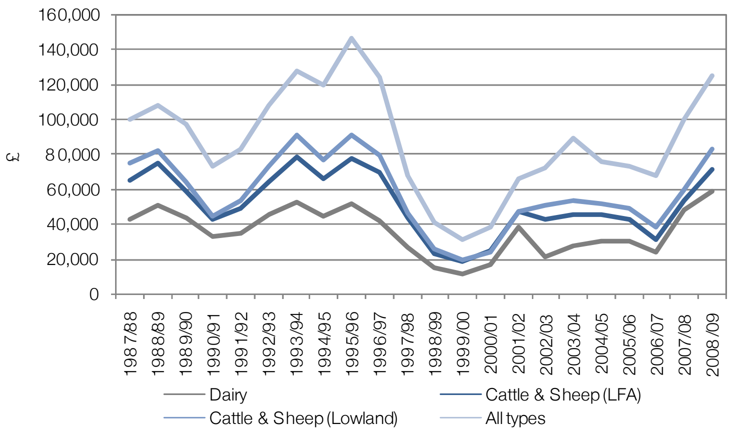
significant currency impact on margin, which has since recovered. Market share is estimated to be reasonably stable in the mid-30% range.

Veterinary infusions, licensed intravenous fluids and the accessories required to administer them, are supplied under the 'Aqupharm' name, a well known and long-established brand.

Livestock markets

Net farm incomes are inevitably linked with world demand for food and bio-fuels, with regular disruptions from outbreaks of disease. The last couple of years have seen an upturn in the cycle across most categories, with dairy improving to above its previous peak in 1993/94.

Exhibit 4: Average net farm income by farm type, March – February



Source: DEFRA

However, this better backdrop for farmers has not led to an increase in the national herd. The latest DEFRA statistics for June 2009 show that, although the total number of cattle was only down by 0.8%, this masks a more significant 2.7% fall in breeding cattle, with obvious implications for future herd numbers.

The situation for sheep is even more serious. The recent introduction of electronic tagging of sheep has provoked major uncertainty in the market as the implementation methodologies, particularly with respect for lambs intended for food consumption, were still the subject of agitated discussion between DEFRA, livestock auctioneers, sheep farmers and the NFU until the last minute (and beyond). Even then, different decisions have been reached in different areas of the UK, causing considerable localised confusion.

The size of the UK flock fell by 3.3% in the year to June 2009, with breeding stock down by 4.7%.

Price competition stepped up

Identification tags for livestock have traditionally provided more than healthy margins for their suppliers. New entrants to the market were restricted by the need to be conjoined with DEFRA to provide the infrastructure to allocate the unique numbers that identify the farm, flock/herd and animal to go on the tags and associated paperwork. One of Ritchey's main competitors, Allflex, has been undermining market pricing by 20-40% and selling direct to farmers. Replacement traditional tags are now selling at £2.10 to £2.30, from around £3.30. Prices for bulk tags have come down

from £1.24 to just under £1. Electronic identification tags retail at around 70p, meaning that although the net amount made per tag is pretty much unaltered, distributor margins have collapsed from around 35% to 8%.

Animalcare's positioning

Ritchey has long been aware that industry gross margins were unsustainable and has been concentrating on managing the transition through a focus on business efficiency, ensuring that its overheads are appropriate and that cash management is optimised. Market share in percentage terms is in the high-teens for cattle tags and in the low 20s for sheep.

The new automatic sheep tagger, which allows the farmer to insert up to 10 tags consecutively, was introduced in August 2009 and has been adapted to handle the electronic tags.

The small loss registered in the first half reflects the under recovery of overhead in the seasonally weaker period, coupled with disadvantageous movements in the NZ dollar exchange rate. The division has also absorbed some undisclosed costs relating to the withdrawal from some non-core historic business. We are therefore expecting an improved position in H210, despite the continuing reduction in livestock numbers.

Within the livestock business is a small industrial liquids business, Travik, whose results have been affected by its withdrawal from low margin business.

Sensitivities

New product development

Our forecasts are compiled on the basis of the current portfolio of product, although our model makes allowance for development spend on further opportunities. Within the Veterinary Medicines part of the group, the successful grant of new product licences/marketing authorisations can have a significant positive impact on returns generated. There may also be opportunities to extend the application of existing product. The timing of licences and marketing authorisations can have a meaningful impact on results for a particular period in both sales and working capital implications. These effects will lessen as the portfolio grows.

Currency

The group has particular exposure to the US dollar, the euro and the NZ dollar. Microchips for companion animal identification are priced in US dollars and, with its commodity status, the pricing disadvantage caused by currency movements has been difficult to recover. Some pricing was renegotiated in the second half. Outside the companion animal market, much of the product comes from Europe. Wholesalers and retailers have broadly moved to the prices they need towards replacement cost, rather than an input price, basis.

Economic factors

It is generally assumed that the market for companion animal care is reasonably resilient to the economic cycle and this has proved broadly the case so far. A prolonged period of pressure on household budgets could, however, lead to a re-evaluation of the costs of keeping pets, particularly

the cost of insurance premiums. Should this market suffer, more sick or injured companion animals may be put to sleep rather than embarked on potentially expensive programmes of treatment.

Regulatory issues

The group operates within highly regulated markets and changes to these regulatory frameworks can have a significant effect on the business. Livestock is subject to a number of different EU regulations. The most important remains the Common Agricultural Policy, changes to which can have profound implications for UK farmers. The programme to move to electronic identification formats from the existing eartags was implemented in sheep on 1 January 2010. Other species will doubtless follow, with the lessons from the implementation for sheep perhaps taken on board, perhaps not.

The Animal Medicines Inspectorate, part of the Veterinary Medicines Directorate of DEFRA, is responsible for the inspection and approval of manufacturers, distributors and retailers of the relevant product groups. The Animal Welfare Act 2006 enshrines the need for animals to be protected from pain, injury, suffering and disease. Animalcare is also regulated by the COSHH (Control of Substances Hazardous to Health) requirements.

Supply chain issues

Animalcare supplies veterinary surgeons via a number of specialist wholesalers. For bought in product, supply issues can arise, particularly where suppliers are small and/or underfunded. In Livestock, consolidation among the agricultural merchants might improve their bargaining position, but it also provides a more professional customer base capable of placing more substantial orders.

Competition

The competitive environment within the livestock eartag market changed in late 2007 when Allflex, the leading global tag supplier, bought Roxan, the manufacturer of the leading sheep auto-tagger in the UK. There remains excess capacity in the industry and predatory pricing moves, such as those described above, may lead to some withdrawals from the market.

Within the veterinary supplies and pharmaceuticals markets, there are a large number of suppliers (400+), with major pharmaceutical manufacturers dominating the various segments. Animalcare competes with many of these across its product groups. The competitor with greatest commonality is Dechra Pharmaceuticals, a fully-listed company with a market capitalisation of £314m. ECO Animal Health is mainly focused on the supply of pharmaceuticals to the farmed animal sector, but has also been looking to extend its exposure to the companion animal market.

The launch of new generics by a competitor for an existing indication can undermine sales of a longer-standing product.

Interest rates

With continuing good cash generation, debt levels are reducing for the group, a position further improved by ratchets lowering the rates incurred.

Valuation

Peer group of animal welfare related stocks

While none of the stocks shown in Exhibit 5 has a combination of animal welfare and veterinary pharmaceuticals similar to Animalcare Group, they all generate the bulk of their business in related markets. CVS is continuing to build market share in the fragmented UK veterinary market and now estimates that it has a 7-8% share, with like-for-like growth quoted at 2% for the year ended September 2009. Dechra is benefiting from new product licensing agreements and extending its geographic reach in the US; Wynnstay's retail businesses have been performing reasonably strongly, with the agricultural activities riding out the weakness in underlying farm gate prices, with the group positioning itself as a consolidator in its feeds market.

Exhibit 5: Peer group ratings

Note: Prices as at 19 February 2010.

	Y/e	Price	Market cap	P/CF	EV/ Sales	EV/ EBITDA	EV/ EBITDA1
CVS	June	195.5	101	11.3	1.8	11.4	9.7
Dechra	June	470	310	13.8	0.9	12.1	10.9
Eco Animal Health	March	140	72	20.4	3.7	17.8	13.3
Genus	June	688	411	29.2	1.8	11.2	10.9
Animalcare	June	120	24	7.3	1.6	10.1	9.0
Wynnstay	Oct	264	39	5.1	0.2	5.9	5.9
Average				14.5	1.7	11.4	9.9

Source: Edison Investment Research, Thomson Reuters

Liquidity discount eliminated

Animalcare remains the smallest of the peers and it is inevitable that there will be a liquidity discount applied by the market. If, in very broad terms, the Companion Animal division is likened to Dechra and the Livestock business to Wynnstay, a melded rating based on the revenue split would be around 9.0x EV/EBITDA for the current year. This implies that the liquidity discount has now been eliminated, from 20% in October 2009.

Financials

Veterinary medicines stoke earnings' progress

We are not making any material change to our full year or prospective year financial forecasts on the back of these published figures, merely making minor adjustments to mix. Margins are dependent on the mix, but we would expect the livestock operations to benefit from their normal pattern of seasonality which favours the second half. Nevertheless, the new veterinary medicines account for the bulk of the forecast progress. Additional new marketing authorisations in future years are not assumed within our model and we have only assumed a modest contribution in the second half from the anticipated launch of the next drug in the pipeline "over the next few months".

Exhibit 6: Interim figures by division

	H210e	H110	H209	H109
Companion Anmial				
Revenue	6,057	5,374	5,293	4,313
Operating profit (normalised)	1,540	1,360	1,520	783
Operating margin	25%	25%	29%	18%
Livestock				
Revenue	3,795	3,559	4,584	3,448
Operating profit (normalised)	440	(139)	501	42
Operating margin	12%	-4%	11%	1%
Group				
Revenue	9,852	8,933	9,877	7,761
Operating profit (normalised)	1,980	1,221	2,021	825
Operating margin	20%	14%	20%	11%

Source: Company, Edison

We have stripped out amortisation of acquired intangibles (£59k in this half), goodwill impairment and the fair value adjustment of the interest rate, as these do not affect the underlying performance of the business, to give our normalised profits and earnings numbers. Tax is assumed at 27% for the current year, with a slight increase in 2011.

Cash flow directed into growing portfolio

The group is naturally cash generative, particularly the livestock business. This will enable the group to continue to invest in bringing new generic products to market, delivering longer-term earnings growth. In view of the resource needed to ensure that these drugs obtain the necessary EU marketing authorisations, it is unlikely that the pace of innovation will step up.

The new IT platform commissioned last financial year has now been fully rolled out.

Our model assumes that capital will continue to be invested in the business at a rate well in excess of depreciation in order to build a larger and more robust portfolio. Management has also indicated that it will consider complementary acquisitions, provided that they increase market share or deliver meaningful manufacturing efficiencies in the group’s existing core product areas.

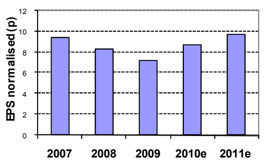
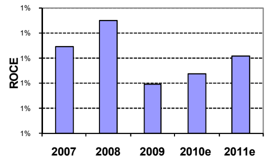
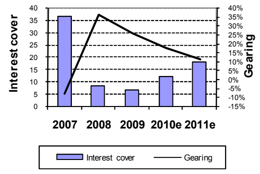
Continuing improvement to balance sheet

Net gearing has come in to 25%, with gross borrowings of £5.1m at the period end, the bulk of which fall due between two and five years. After a stronger than expected cash performance in the previous reporting period, this is in line with the reduction in debt that we expected and should mean some modest further ratchet down in the margin over LIBOR that the group is paying (+1.86% as per the Report & Accounts). The good financial position of the group means that the necessary funds are in place to support the development and the launch programmes for new generic formulations to support Animalcare’s longer-term growth ambitions.

Exhibit 7: Financials

Year end 30 June £'000s	2007	2008	2009	2010e	2011e
Accounting basis	IFRS	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS					
Revenue	8,301	11,755	17,638	18,785	19,731
EBITDA	814	1,625	2,747	3,103	3,388
Operating Profit (before GW and except.)	625	1,376	2,495	2,753	3,038
Goodwill Amortisation	(69)	(98)	(118)	(120)	(120)
Exceptionals	(237)	0	0	0	0
Amortisation of deveopled intangibles, GW impairment and fair value adj of interest rate hedge	0	0	(479)	(150)	(150)
Operating Profit	319	1,278	1,898	2,483	2,768
Net Interest	(17)	(165)	(371)	(228)	(168)
Profit Before Tax (norm)	608	1,211	2,124	2,525	2,871
Profit Before Tax (FRS 3)	302	1,113	1,527	2,255	2,601
Tax	(52)	(220)	(488)	(682)	(804)
Profit After Tax (norm)	535	974	1,524	1,813	2,037
Profit After Tax (FRS3)	250	893	1,039	1,573	1,797
Average Number of Shares Outstanding (m)	5.6	11.6	19.8	19.9	19.9
EPS - normalised (p)	9.5	8.4	7.6	9.1	10.2
EPS - normalised fully diluted (p)	9.4	8.3	7.2	8.6	9.7
EPS - FRS 3 (p)	4.4	7.7	5.3	7.9	9.0
Dividend per share (p)	2.3	2.3	2.5	2.8	3.0
EBITDA Margin (%)	10%	14%	16%	17%	17%
Operating Margin (before GW and except.) (%)	8%	12%	14%	15%	15%
BALANCE SHEET					
Fixed Assets	4,462	19,196	19,210	19,211	19,212
Intangible Assets	2,792	17,453	17,393	17,393	17,393
Tangible Assets	1,670	1,743	1,817	1,817	1,817
Investment in associates	0	0	0	1	2
Current Assets	3,080	5,735	6,153	6,252	6,416
Stocks	1,118	1,818	2,032	2,164	2,273
Debtors	1,400	2,438	2,589	2,744	2,867
Cash	562	1,420	1,532	1,344	1,276
Current Liabilities	(1,119)	(3,131)	(4,061)	(4,135)	(4,205)
Creditors	(1,059)	(2,212)	(3,178)	(3,385)	(3,555)
Short term borrowings	(60)	(919)	(883)	(750)	(650)
Long Term Liabilities	(286)	(7,155)	(5,920)	(3,777)	(2,802)
Long term borrowings	0	(5,800)	(4,573)	(3,625)	(2,650)
Other long term liabilities	(286)	(1,355)	(1,347)	(152)	(152)
Net Assets	6,137	14,645	15,382	17,551	18,621
CASH FLOW					
Operating Cash Flow	1,073	1,805	3,248	2,868	3,247
Net Interest	(17)	(224)	(394)	(228)	(168)
Tax	(57)	(123)	(405)	(553)	(722)
Capex	(322)	(383)	(629)	(700)	(800)
Acquisitions/disposals	(155)	(14,449)	0	0	0
Financing	130	7,700	0	0	0
Dividends	(102)	(127)	(445)	(494)	(547)
Net Cash Flow	551	(5,801)	1,375	893	1,010
Opening net debt/(cash)	48	(502)	5,299	3,924	3,031
HP finance leases initiated	0	0	0	0	0
Other	0	1	0	1	2
Closing net debt/(cash)	(503)	5,299	3,924	3,030	2,019

Source: Edison Investment Research

Growth	Profitability	Balance sheet strength
		

Sensitivities evaluation	
Litigation/regulatory	◖
Pensions	○
Currency	◖
Stock overhang	○
Interest rates	◖
Oil/commodity prices	◖

Growth metrics	%	Profitability metrics	%	Balance sheet metrics		Company details	
EPS CAGR 07-11e	0.7	ROCE 10e	1.2	Gearing 10e	17.3	Address:	
EPS CAGR 09-11e	16.0	Avg ROCE 07-11e	1.3	Interest cover 10e	12.1	Fearby Road, Masham, Ropin, North Yorkshire HG4 4ES	
EBITDA CAGR 07-11e	42.8	ROE 10e	10.3	CA/CL 10e	1.5		
EBITDA CAGR 09-11e	11.1	Gross margin 10e	54.8	Stock turn 10e	42.1	Phone	01765 689541
Sales CAGR 07-11e	24.3	Operating margin 10e	14.7	Debtor days 10e	53.3	Fax	01765 689851
Sales CAGR 09-11e	5.8	Gr mgn / Op mgn 10e	3.7	Creditor days 10e	58.8	www.animalcare.co.uk	

Principal shareholders	%
Octopus Investments	11.0
Rensburg Sheppards Inv Mgmt	8.0
James Lambert	6.0
N. Downshire	5.5
Maven Capital Partners	4.5
Simon Riddell	3.9
Geoff Rhodes	3.5

Forthcoming announcements/catalysts	Date *
Preliminary results	October 2010
*Note: * = estimated*	

Management team
MD: Simon Riddell
Appointed MD in July 2005, Simon has an extensive background in marketing consumer products. A graduate in Land Economy from Cambridge, he subsequently spent 10 years at Procter & Gamble. He then spent five years with Mayborn plc, managing Sangenic, since acquired by 3i.
Stephen Wildridge
Stephen spent 16 years with Rhone-Poulenc in a variety of sales, marketing, strategic planning and general management roles. He then spent five years with Monsanto before being appointed MD of Animalcare in April 2003. He currently sits on the board of the National Office for Animal Health (NOAH).
Non-Exec Chairman: James Lambert
Appointed chairman in 2005, having been non-exec since 2003. He started at Richmond Foods in 1988, leading a series of acquisitions to make Richmond the largest ice cream manufacturer by volume in the UK. Richmond was taken private in 2006 and merged with Roncadin. James now runs the combined group across Europe.

Edison Investment Research

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